

POLICY 6

Risk Management



Last Update (Board approved): January 2021

1. OBJECTIVE OF RISK MANAGEMENT POLICY

The Board's objectives in adopting this Risk Management Policy and associated Framework are to:

- (a) protect staff, officers, members and other stakeholders from health and safety risks, and to protect Rowing WA from financial risks, and reputational risks;
- (b) allow the Board to proactively manage risks in a systematic and structured way;
- (c) embed the risk management process to ensure it is an integral part of RWA's planning at a strategic and operational level;
- (d) ensure that risks are identified, understood and appropriately managed within available resources;
- (e) create a risk aware culture for the Board, officers and staff from a strategic, operational, project and event perspective; and
- (f) clearly identify responsibilities and accountability for risk management.

2. DEFINITIONS

Controls: An existing policy, procedure, practice or process that minimises risk

Consequence: The outcome or impact of an event, expressed qualitatively or quantitatively

Event Risk Management Plan: A set of actions and controls to treat risks recorded in a risk register for an event, event class, activity or project.

Inherent Risk Rating: The combined likelihood and consequence rating, before consideration of controls that may be in place

Likelihood: A general description of probability or frequency

Residual Risk Rating: The level of risk that remains after consideration of controls that may be in place

Risk: A risk is the chance of something happening as a result of a hazard or threat which will adversely impact Rowing WA in carrying out its business and in its efforts to achieve its strategic objectives.

A Risk is an unwanted event and arises out of uncertainty.

It is measured in terms of the likelihood of it happening and the consequences if it does happen.

Risk Analysis: The process of determining the likelihood and consequence of a risk occurring in the context of existing risk control measures, with a view to determining the level of risk

Risk Assessment: The overall process of risk analysis and evaluation

Risk Avoidance: An informed decision not to become involved in a risk situation

Risk Identification: The process of determining what, where, when, why and how something adverse could happen

Risk rating: The level of risk that remains after consideration of all existing mitigating practices and controls is the agreed risk rating and determines the level of management action and treatment (see appendix B) required.

Risk Management Framework: The process of risk management is defined as the systematic application of policies, procedures and practices to the task of identifying, evaluating, treating and monitoring risk.

There is a balance between the cost of managing risk and the benefits expected from taking that risk. The balance reflects to risk appetite of the Board.

Risk Management Process: The systematic application of management policies, procedures and practices to the tasks of identifying, analysing, evaluating, treating and monitoring risk, in accordance with AS ISO 31000:2018 *Risk Management - Guidelines*

Risk Register: A list of risks, each with a risk rating evaluated in terms of likelihood and consequence and with risk treatment actions defined to mitigate the risk.

Risk Treatment: Selection and implementation of appropriate options for reducing risk to an acceptable level, consistent with the Board's risk appetite.

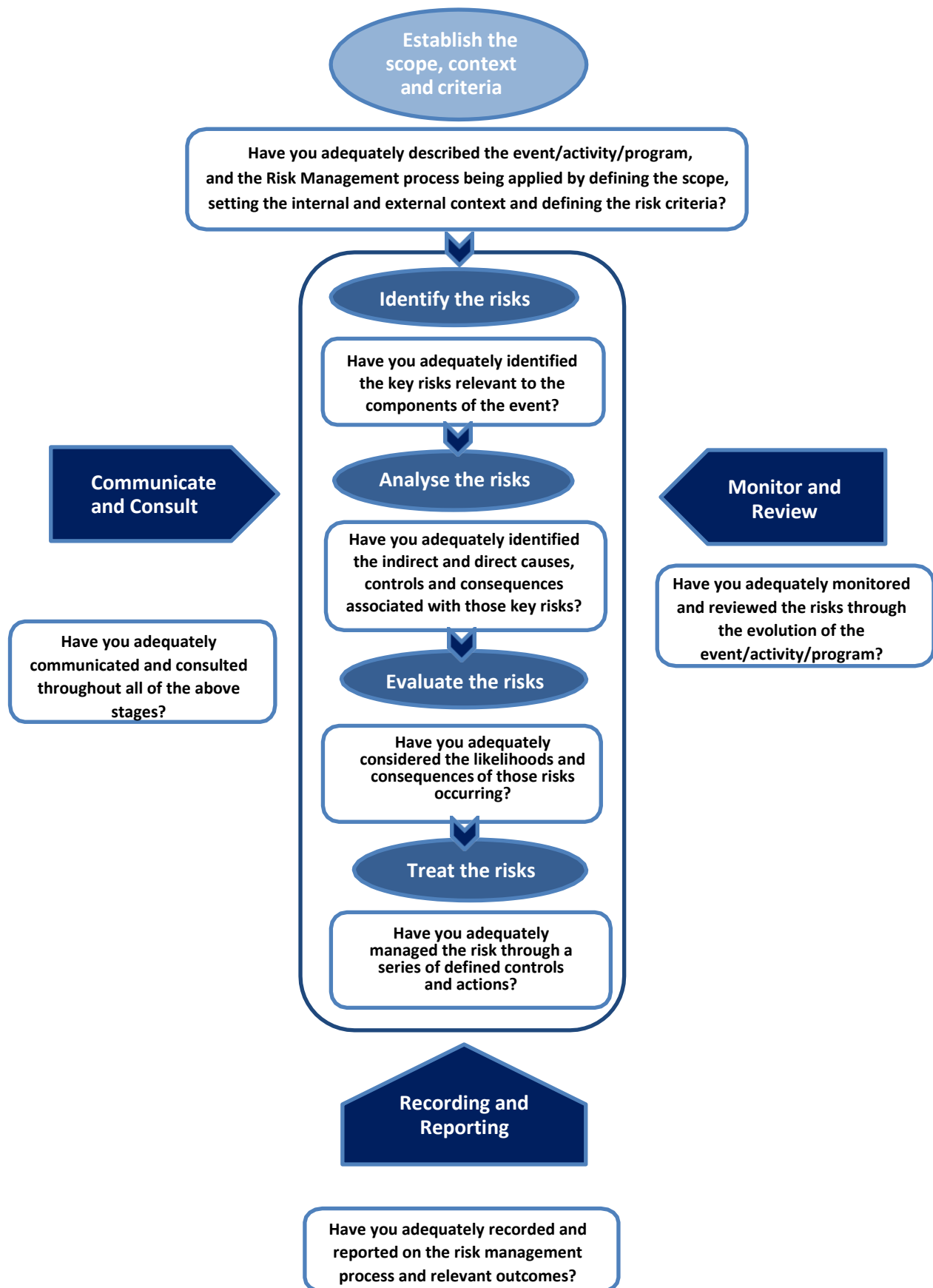
3. RISK MANAGEMENT FRAMEWORK

The Risk Management Framework is the means by which the Risk Management Policy is realised. Implementation of the Risk Management Policy, through this Framework will ensure that risks are being identified and managed in a way that is appropriate for the business environment and RWA's strategic goals and objectives.

The key components of RWA's Risk Management Framework include:

- (a) Risk Management Policy (this document) - outlines the risk management culture of RWA and the commitment and expectations of the Board for the management of risk;
- (b) Master Risk Register - a register of risks which arise from Rowing WA carrying out its business and, in its efforts, to achieve its strategic objectives. This includes health and safety risks, financial risks, and reputational risks, to members, staff and officers, corporate partners and other stakeholders. The Risk Register records the description, risk assessment, existing controls, proposed actions, and revised risk rating.
- (c) Event Risk Registers – registers of risks which arise from Rowing WA carrying out a specific event or class of event or activity. This includes health and safety risks, financial risks, and reputational risks, to members, staff and officers, corporate partners and other stakeholders. The Risk Register records the description, risk assessment, existing controls, proposed actions, and revised risk rating.
- (d) Project Risk Assessments – new projects with a capital investment of greater than \$100,000 or any new venture or long-term contractual relationship will include a risk assessment, will include a formal risk assessment.

4. RISK MANAGEMENT PROCESS:



RWA's risk management process involves the following steps:

- (a) Identify risks: Conduct workshops and reviews to identify risks.
- (b) Analyse risks: Identify existing controls and risk likelihood and consequence
- (c) Evaluate risks: Rate risks in terms of consequence and likelihood in the context of those controls. Consequences and likelihood are combined to produce an estimated level of risk using the risk rating matrix in Appendix A.
- (d) Treat Risks: Specified action plans will be developed and implemented where required to avoid or treat the risk to a level acceptable to the Board.
- (e) Monitor and Review: The board monitors risks, via reports from the CEO, incident reports, directors' direct vigilance of activities of Rowing WA, and directors and CEO monitoring of external threats and trends. The Board formally reviews risk biennially during its strategic planning process. The effectiveness of the risk management process and risk treatment measures will be monitored and reviewed to take account of changing circumstances.

5. ROLES AND RESPONSIBILITIES

The role of the Board in RWA's risk management framework is to approve and monitor the effectiveness of the risk management framework and assess whether the organisation has in place adequate risk management and control mechanisms.

The responsibility for undertaking risk reviews and designing and implementing appropriate risk management systems is delegated to the CEO, however the Board is ultimately responsible for the ongoing management of risk in the business on the advice received on matters of strategic and operational significance in relation to the identification and management of risk.

The Board is responsible for ensuring:

- (a) appropriate systems and procedures are in place for the identification, monitoring, reporting and control of all material risks, including the development of risk treatment actions;
- (b) a master risk register is developed and maintained;
- (c) keeping abreast of matters of strategic and operational significance both internal and external in relation to the identification and management of risk; and
- (d) ensuring the CEO understands their role in risk management and follows this policy

The CEO is responsible for ensuring:

- (a) staff and officers understand their responsibilities with respect to risk management;
- (b) developing event and project risk registers as required under this policy;
- (c) approving and monitoring the effectiveness of the risk management framework and assessing whether the organisation has in place adequate risk management and internal control mechanisms;
- (d) regular reports are presented to the Board and/or Finance Committee on performance in relation to identification and control of risks;
- (e) keeping the Board apprised of incidents, events and external trends which may pose risks to Rowing WA;

The Finance Committee is responsible for ensuring:

- (a) oversight of the processes for the identification and assessment of financial, commercial and property risks, and
- (b) reviewing the outcomes of financial risk management processes and for advising the Board as required.

Employees and officers of RWA are responsible for:

- (a) identifying potential risks
- (b) complying with risk management plans pertinent to events, event classes or projects they are involved with; and
- (c) reporting through management any incidents that may result in unacceptable levels of risk, or non-compliance with established procedures.

APPENDIX A



Consequence & Likelihood Ratings

Consequence Ratings:

A risk consequence is defined as the outcome or impact of an event expressed qualitatively or quantitatively. The following schedule provides broad descriptions used to support risk consequence ratings:

Level	Financial Impact	Injuries Death	Reputational Image	Activities Operations	Rating
Insignificant	Less than \$1000	No injuries	Unsubstantiated low impact No news profile	Less than 1 hour	1
Minor	\$1,000 - \$9,999	First Aid Treatment	Substantiated low impact Low news profile	1 hour - 1 day	2
Moderate	\$10,000 - \$49,999	Medical Treatment	Substantiated public embarrassment, moderate impact Moderate news profile	1 day - 1 week	3
Major	\$50,000 - \$149,999	Death Extensive Injury	Substantiated public embarrassment, high impact High news profile Third Party Actions	1 week - 1 month	4
Catastrophic	\$150,000 +		Substantiated public embarrassment, high multiple impacts High news profile Third Party Actions	More than 1 month	5

Likelihood Ratings:

The following schedule provides broad descriptions used to support risk likelihood ratings:

Level	Description	Frequency	Rating
Rare	Exceptional circumstances	Less than once in 15 years	1
Unlikely	Could occur at some time	At least once in 10 years	2
Possible	Could occur	At least once in 3 years	3
Likely	Will probably occur in most circumstances	At least once per year	4
Almost Certain	Expected to occur in most circumstances	More than once per year	5

Level of Risk:

The level of risk that remains after consideration of all existing mitigating practices and controls is the agreed risk rating and determines the level of management action and treatment required (See Appendix B).

The schedule below indicates how the combination of risk likelihood and risk consequence ratings are used to establish the level of risk and subsequent management actions and treatment required.

RISK RANKING MATRIX							
	Unacceptable	Very High	Likelihood Scale (LS)				
	High	Significant	Almost Certain	Likely	Possible	Unlikely	Rare
	Moderate	Low	5	4	3	2	1
Consequence Scale (CS)	Catastrophic	5	25	20	15	10	5
	Major	4	20	16	12	8	4
	Moderate	3	15	12	9	6	3
	Minor	2	10	8	6	4	2
	Insignificant	1	5	4	3	2	1

APPENDIX B



Management Action & Treatment

Management Actions:

- (a) **Low Acceptable** – systems and processes managing the risks are adequate. Consider excess or redundant controls.
- (b) **Moderate - Periodic Monitoring** – options to improve controls should be considered, risk consequence should be monitored to ensure it does not increase over time.
- (c) **Significant - Continuous Review** – continued monitoring to ensure controls remain adequate
- (d) **High Active - Board/Periodic Review** – requires Board management and periodic review
- (e) **Very High - Active Management** – treatment options require immediate implementation, active review and management on an ongoing basis
- (f) **Unacceptable** - An informed decision should be made not to become involved in the risk situation

Risk Treatment:

Risk treatment is the process of identifying the range of options for dealing with a given risk, evaluating those options, selecting the preferred treatment and preparing and implementing risk treatment plans. A Risk Treatment Plan will be prepared and provided to the Board for all risks with a high, very high or unacceptable risk rating.

Treatment will involve deciding what measures need to be put in place to minimise the threat posed by the identified risks. Treatment options include:

- (a) Avoid - measures aimed at avoiding the risk;
- (b) Reduce - measures to reduce the threat posed by the risk, either by reducing the likelihood of the risk and/or its consequences;
- (c) Transfer - transferring the threat by shifting the risk to another party (e.g. via contracts or insurance);
- (d) Accept - making an informed decision to accept the consequences and likelihood of a particular risk, but monitoring the risk and ensuring that WASF has the financial and other capacities to cover associated losses and disruptions.

Determining that a risk is acceptable does not imply that the risk is insignificant. A risk may be considered to be accepted because:

- (a) the threat posed is assessed to be so low (e.g. because the likelihood of occurrence is rare) that specific treatment is not necessary;
- (b) the risk is such that RWA has no available treatment;
- (c) the cost of treating the risk is so high compared to the benefit from successful treatment; or
- (d) the opportunities presented outweigh the threats to such an extent that the risk is justified.

Selecting the most appropriate risk treatment option will be made by considering the following issues:

- (a) the cost of managing the risk balanced against the benefits obtained;
- (b) the extent of risk reduction or mitigation gained;
- (c) the extent to which there is an ethical or legal duty to implement a risk treatment option which may override any cost/benefit analysis; and
- (d) impact of the risk on RWA's image and reputation. May warrant implementing costly actions.